

The gilt edge

DRIVERS	BEARISH FOR GOLD	BULLISH FOR GOLD
US dollar	Strong USD	Weak USD
US real rates	Positive real rates (low inflation and high nominal rates)	Negative real rates (high inflation and low nominal rates)
Risk sentiment	Poor risk sentiment	Strong risk sentiment
Central bank	Sale of gold from central bank	Purchase of gold from central bank
Supply	Ample mine supply, producers' hedging activities (selling future gold production to secure higher gold prices) and recycling	Limited undeveloped gold resources, declining mine grades, producers' dehedging activities, lack of recycling
China	Slower GDP and wage growth	Stronger GDP and wage growth, positive momentum in wedding registries, strengthening yuan
India	Slower rural income, restrictions on gold imports, lower inflation	Stronger rural income, growing middle-income class, strengthening rupee